

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
FORT MYERS DIVISION

In re:

Chapter 11

KEN SMITH ENTERPRISES, INC.,

Case No. 9:11-bk-19447-JPH

Debtor.

DEBTORS' JOINT CHAPTER 11 CASE MANAGEMENT SUMMARY

Debtor, KEN SMITH ENTERPRISES, INC. (“**KSE**” or the “**Debtor**”), together with affiliated Debtor KB ALICO PROPERTIES, LLC (“**KBA**”), by and through their undersigned attorneys, pursuant to Administrative Order FLMB-2009-1, hereby files their Joint Chapter 11 Case Management Summary (the “**Summary**”). The Debtors respectfully state as follows:

INTRODUCTION

On October 19, 2011 (the “**Petition Date**”), the Debtor filed its Voluntary Petition for relief under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”). A related entity, KB ALICO PROPERTIES, LLC (“**KBA**”) also filed its Voluntary Petition for relief under Chapter 11 of the Bankruptcy Code.

Case Management Items

I. Description of the Debtor’s Business

KSE owns and operates a SERVPRO franchise, which is a service company specializing in the cleanup and restoration of flood and fire damage, including mode

remediation, of residential and commercial properties in Collier and Lee Counties. KBA owns the real property located at 5605 2nd Street West, Lehigh Acres, Florida, on which KSE operates the SERVPRO franchise.



II. Location of Debtor's Operations and Whether Leased or Owned

The Debtor's operations are located at 5605 2nd Street West, Lehigh Acres, Florida, which is also the Debtor's corporate mailing address. The location, a 7800 square foot metal building purchased in 2006 and financed by Bank of Naples, is owned by KBA.

III. Reasons for Filing Chapter 11

The KSE and KBA have been in litigation with their primary secured lender, Bank of Naples, for significant time. Until the Bank of Naples called the notes due, the Debtors had never been late on any payments, and were making significant principal reductions to the line of credit (over the years), which is notable given the fact that revenues were decreasing. Until the Bank of Naples precipitously called the notes, the Debtors maintained debt service, and reduced the principal owed. Since the notes were

“called” by Bank of Naples, KSE and KBA have attempted to reach consensus with Bank of Naples, but have been unable to do so. Immediately prior to the petition date, the Bank of Naples was attempting to obtain a prejudgment writ of attachment, but had not done so.

IV. List of Officers and Directors and Their Salaries and Benefits at Time of Filing and During the One Year Prior to Filing

Kenneth W. Smith serves as the sole officer and director of the Debtor. Mr. Smith receives monthly compensation of \$10,764. Mr. Smith also has the use of a company vehicle that the Debtor makes monthly payments of \$753.00.

V. Debtor’s Annual Gross Revenues

For the period January 2011 through July 31, 2011, KSE’s unaudited financial statements reflected gross revenue of approximately \$548,694. Gross revenue history is as follows: 2004: \$2.17 million; 2005: \$2.69 million; 2006: \$2.64 million; 2007: \$2.10 million; 2008: \$2.04 million; 2009: \$1.85 million; 2010: \$1.52 million; 2011 projected \$1.38 million.

VI. Amounts Owed to Various Classes of Creditors

The Debtor’s largest secured creditor is Bank of Naples. On information and belief, Bank of Naples asserts claims against the Debtor in the amount of approximately \$232,000.00. Servpro Industries is the Debtor’s franchisor. The Debtors are unaware of any priority claims at this time. The unsecured claims total approximately \$40,000.00.

VII. General Description and Approximate Value of the Debtor’s Current and Fixed Assets

KSE's assets consist primarily of equipment, accounts receivable, and inventory. As of July 31, 2011, the Debtor believes the liquidation value of its assets totaled approximately \$140,000 and the Debtor's liabilities totaled approximately \$354,000. KBA owns the real estate located at 5605 2nd Street West, Lehigh Acres, Florida, whose value is unknown but which has a tax assessed value of \$311,513 according to the Lee County Property Appraiser.

VIII. Number of Employees and Amount of Wages Owed as of Petition Date

The Debtor currently employs eight trained and skilled people in its business operations. Details concerning their wages owed are in the exhibits to the Emergency Motion Authorizing Payment of Prepetition Wages filed contemporaneously herewith.

IX. Status of Debtor's Payroll and Sales Tax Obligations

The Debtors do not have past due obligations for sales tax or for payroll taxes.

X. Anticipated Emergency Relief Within 14 Days of Petition Date

The Debtor anticipates filing the following motions requesting emergency relief or ex parte relief within 14 days of the Petition Date:

1. Motion for Joint Administration;
2. Motion seeking authorization to use cash collateral;
3. Motion to pay prepetition employee wages and benefits.
4. Motion to pay officer's salary; and
5. Motion related to utility service providers.

WHEREFORE, the Debtors respectfully submit this as their Case Management Summary.

DATED: October 19, 2011.

/s/ Stephen R. Leslie

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ATTORNEYS FOR DEBTORS

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this *Case Management Summary* has been furnished by the Court's CM/ECF electronic mail system or by U.S. Mail to all parties appearing by CM/ECF this 19th day of October, 2011.

/s/ Stephen R. Leslie

Stephen R. Leslie